

## **MANGALAM CEMENT LIMITED**

### **Related Party Transaction Policy**

#### **1. Preamble**

The Company is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognize that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management etc. with the interest of the Company.

The Board of Directors of the Company, has adopted this policy and procedures for dealing with Related Party Transactions, in accordance with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (the 'Listing Regulations') and Section 177 of the Companies Act, 2013 (the 'Act') read with Rules made there under, as amended from time to time.

#### **2. Objective**

This policy aims to determine the materiality of Related Party Transactions ('RPTs') and to deal with RPTs of Mangalam Cement Limited (the 'Company'). Further, this policy is also intended to ensure proper approval and reporting of transactions as applicable, between the Company and any of its related parties, in the best interest of the Company and its Stakeholders.

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related persons. Further, the Board may amend this policy from time to time as may be required.

#### **3. Applicability**

This Policy shall come into force with effect from 01.04.2022 i.e. the date of adoption of the Policy by the Board of Directors of the Company and shall be applicable to the Related Parties, as defined hereinafter.

#### **4. Definitions**

- (a) **"Board"** means the Board of Directors of the Company.
- (b) **"Compliance Officer"** means the Officer appointed by the Board of under this Policy from time to time.

(c) **“Officer”** includes any Director, Manager or Key Managerial personnel or any person in accordance with whose directors or instructions the Board of Directors of any one or more of the Directors is or are accustomed to act.

(d) **“Key Managerial Personnel”** includes

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer.
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed.

(e) **“Related Party”** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 read-with Rules made thereunder or under the applicable accounting standards:

Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the Company; or

(b) any person or any entity, holding equity shares:

- (i) of twenty per cent or more; or
- (ii) of ten per cent or more, with effect from April 1, 2023;

in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party;

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);

(f) **Related Party Transactions** means a transaction involving a transfer of resources, services or obligations between:

(i) a Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

(ii) Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Such other transactions as specified under the provisions of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Indian Accounting Standards including any amendment or modification thereof, as may be applicable.

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend;
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and
  - iv. buy-back of securities.
- (g) **Material Modifications**: In relation to a Related Party Transaction approved by the Audit Committee or a material related party transaction approved by the Shareholders, as the case may be, material modifications means any variation having an impact on the monetary limits already approved by the Audit Committee or Shareholders, as the case may be, exceeding 20% of transactions, in each case, over and above the approved limits.
- (h) **“Relative”** with reference to any person, means anyone who is related to another, if -
  - (1) they are members of a Hindu Undivided Family
  - (2) they are husband and wife
  - (3) Father: Provided that term “Father” includes step-father
  - (4) Mother: Provided that the term “Mother” includes step-mother
  - (5) Son: Provided that the term “Son” includes step-son
  - (6) Daughter
  - (7) Daughter’s husband
  - (8) Brother: Provided that the term “Brother” includes step-brother
  - (9) Sister: Provided that the term “Sister” includes step-sister
- (i) **“Arm’s length transaction”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- (j) **“Associate Company”** “associate” shall mean any entity which is an associate under sub-section (6) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that this definition shall not be applicable for the units issued by mutual fund which are listed on a recognised stock exchange(s) for which the provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 shall be applicable.

- (k) **“Control”** includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder’s agreements or voting agreements or any other manner:

Provided that a director or officer of the company shall not be considered to be in control over such company, merely by virtue of holding such position;

- (l) **“Material Transaction(s)”**:

Pursuant to the provisions of Regulation 23 of the Listing Regulations, a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

## **5. Compliance Officer**

- 5.1 For purposes of this Policy, the Chief Financial Officer of the Company shall be the Compliance officer. The Board may, where it is considered necessary so to do, appoint such other officer as it may consider proper as such Compliance Officer(s).
- 5.2 The Compliance Officer shall be responsible for proper implementation of the Policy as approved by the Board/Committee of Directors; procedures, monitoring adherence to the rules of Related Party Transactions.
- 5.3 The Compliance Officer shall assist the Directors and Key Managerial Personnel and provide any clarifications on the Policy.

## **6. Review Mechanism/Approval/Ratification**

- 6.1 All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the Company:

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Provided further that:

(a) the audit committee of Company shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;

(b) a related party transaction to which the subsidiary of Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the

annual consolidated turnover, as per the last audited financial statements of the Company;

(c) with effect from April 1, 2023, a related party transaction to which the subsidiary of Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

(d) prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

All Related Party Transactions, except which are in Ordinary Course of Business and on arm's length and all Specific Transactions shall be approved by the Audit Committee and/or Board of Directors at a meeting or through a Resolution passed by Circulation in the case of urgent requirements, in the interest of the Company subject to ratification at their next following Board Meeting.

6.2 The Committee shall grant omnibus approval for Related Party Transactions ("RPTs) proposed to be entered into by the Company, subject to the following conditions:

(i) The proposed RPTs are repetitive in nature and the Committee is satisfied that such omnibus approval is in the interest of the Company;

(ii) Omnibus approval shall be granted for RPTs on the basis of the following criteria:

a) omnibus approval for transactions with Related Parties:

b) The maximum value per transaction shall not exceed Rs. Ten crore per transaction.

c) The maximum value of all transactions in aggregate shall not exceed Rs 25 Crore per annum

(iii) Following disclosures shall be made while granting omnibus approval:

a) Name of the related party

b) Nature and duration of the transaction

c) Maximum amount of transactions that can be entered into

d) The indicative base price or current contracted price and the formula for variation in the price, if any; and

e) Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction. Further, the omnibus approval cannot be made for transactions in respect of selling or disposing of the undertaking of the company.

## **7. Prior Board or Shareholders Approval for certain Related Party Transactions**

- 7.1 All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
- 7.2 All RPTs as defined under sub-section 1 of Section 188 of the Companies Act, 2013 which are either not in the ordinary course of business or are not at arm's length basis, shall require prior approval of:
- (i) Board; and
  - (ii) Shareholders, if amount of such transactions exceeds the limits prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.

## **8 Related Party Transactions not previously approved**

- 8.1 In case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board:

Provided also that in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.

8.2 Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) of Section 188 of the Companies Act, 2013 and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

- 8.3 The Company may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

## **9 Disclosure**

- 9.1 Particulars of RPTs shall be disclosed in such manner as may be prescribed under the Listing Regulations and/or the Act (including rules made thereunder), from time to time.
- 9.2 This Policy shall be disclosed on the Company's website <http://www.mangalamcement.com>

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